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Financial Trades in American History : Feds

He is accused in parallel criminal and civil complaints of orchestrating a yearslong fraud causing billions in losses.

Dec. 14, 2022



By Molly Crane-Newman, New York Daily News (TNS)

Samuel Bankman-Fried, the founder and CEO of collapsed cryptocurrency exchange FTX—once predicted to become the world's first trillionaire—was charged Tuesday

with defrauding investors and violating campaign finance laws.

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Research.

The prosecutor said Bankman-Friedman violated campaign finance laws by steering tens of millions of dollars “disguised to look like they were coming from wealthy co-conspirators” to Republican and Democratic candidates in the leadup to the 2022 midterm elections.

Williams said the scheme constituted one of the biggest financial frauds in American history.

“All this dirty money was used in service of Bankman-Fried’s desire to buy bipartisan influence and impact the direction of public policy in Washington,” Williams said.

The fast-moving, “sprawling” investigation is far from over, the U.S. attorney said.

“To anyone who participated in wrongdoing who has not yet come forward, I would strongly encourage you to come see us before we come see you,” Williams said.

The eight-count indictment unsealed Tuesday partly alleges that from 2019 through last month, Bankman-Fried “engaged in a scheme to defraud customers of FTX.com” by misappropriating patrons’ deposits and using their money to surreptitiously repay billions of dollars in loans to Alameda.

He doled out at least \$25,000 in disguised corporate contributions to political candidates, joint fund-raising committees and independent expenditure committees, the indictment claims.

The Commodity Futures Trading Commission, which also filed a complaint against the one-time wunderkind, said it had ascertained \$8 billion in customer losses connected to the fraud.

In the civil complaint filed by the Securities and Exchange Commission, Bankman-

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He faces up to 115 years in prison if convicted, said Nicholas Biase, spokesman for the Southern District of New York. It wasn't clear when authorities would extradite Bankman-Fried to New York. His bail request was denied at a Tuesday court hearing in the Bahamas, where a judge said he was a heightened flight risk and remanded him until his next court hearing in February, [CNBC reported](#).

The house of cards collapsed when investors demanded billions of dollars back that Bankman-Fried's company could not repay. His firm filed for bankruptcy protection on Nov. 11. John Ray III, the lawyer who oversaw Enron's liquidation, took over as CEO of FTX after Bankman-Fried stepped down last month when everything [imploded](#).

Bankman-Fried was scheduled to testify before the House Financial Services Committee alongside Ray on Tuesday, [who spoke alone](#). Ray said FXT committed "old-fashioned embezzlement."

Known for his scruffy-looking appearance and fondness for wearing shorts and a T-shirt, Bankman-Fried founded FTX when he was 27.

His lawyer Mark Cohen did not return a call seeking comment.

(Photo by Alex Wong/Getty Images/TNS)

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